

Testimony on SB 408 on behalf of Northern Plains Resource Council
Richard Parks, Board Member
Montana State Senate, Committee on Taxation
March 23, 2011

Mister Chairman, members of the Committee - thank you for the opportunity to speak before you today. My name is Richard Parks. I live in Gardiner, Montana where I own and operate a sporting goods store and fishing outfitting business. I am a current board member of the Northern Plains Resource Council, a grassroots conservation and family agriculture organization that organizes Montana citizens to protect our air and water quality, family farms and ranches, and unique quality of life. I am here today on behalf of our members.

Northern Plains supports SB 408. The key decision of this legislature, in fact the only decision mandated to this body by the constitution, is the adoption of the biennial budget. In the press, we have been hearing a lot about dueling revenue projections and the need to cut from essential services. Additionally, there have been a plethora of bills attacking the very modest support that the state offers renewable energy projects under the mantra of needing to create a "level playing field." Today, we have before us a bill that will help level the playing field by removing a massive and unnecessary subsidy to one of the worlds richest industries while injecting some much needed cash to support the core functions of the public's business.

The Montana Department of Revenue estimated that during the five-year period of 2003-2007, \$258 million in revenue was lost to the state and counties due to the existing 18 month tax holiday on oil and gas production. That equated to a \$120 million loss to the general fund over that same five-year period. That's tens of millions of dollars every year that could be invested in schools, infrastructure, and job training. We should be investing in the public structures that create the conditions for reliable, long-term economic development and prosperity for this state. Instead we're giving a break to the oil and gas companies.

Research has shown that oil and gas tax breaks do not substantially influence increased oil and gas development. State taxes are unlikely to influence oil and gas companies' decisions to drill new wells because companies have to drill *where the oil exists*, and state taxes are a small share of total productions costs.

Tax policy for the oil and gas industry should be grounded in the same fairness-based standards used for other taxpaying constituencies. After all, as a citizen and business owner in this state, I don't get an 18-month holiday from paying taxes. Montana cannot continue to afford the oil and gas tax holiday. Our state would be better served by using these revenues to invest in communities where our children can learn, grow, prosper, and stay to raise their own families well into the future.

Northern Plains stands in full support of this common sense legislation and urges this committee to give SB 408 a do pass recommendation.